

**OIL AND GAS FIELD PRODUCTION EQUIPMENT
DEPRECIATION INSTRUCTIONS**

NOTE: THE DATA PROVIDED BY THE TAXPAYERS FOR THE ASSESSMENT OF OIL AND GAS FIELD PRODUCTION EQUIPMENT ARE SUBJECT TO AUDIT BY THE DEPARTMENT OF REVENUE.

The taxpayer is responsible to report to you the year acquired, acquired cost, quantity, and type of equipment.

NOTE: MONTANA STATUTES REQUIRE THAT ALL PROPERTY BE TAXED UNLESS EXEMPT BY LAW. THEREFORE, THE TAXPAYER HAS THE RESPONSIBILITY TO REPORT ALL OIL AND GAS FIELD EQUIPMENT. ONLY DOWN-HOLE EQUIPMENT IS EXEMPT BY LAW.

Once the taxpayer has provided you with the acquired cost and the year acquired, you will apply the acquired cost to the "trended % good" to obtain the market value. The percentage to be used will be determined by the year acquired.

Estimated Assessment: The **Oil and Gas Manual** will be used in the case of an estimated assessment. In that case, the manual cost will be the market value. Thus, it will not be necessary to apply the costs to the depreciation schedule.

Penalties should be added pursuant to 15-1-303, MCA. The manual should be kept in the appraisal/assessment office and not distributed to the taxpayer. If the manual is to be used for other than estimated values, please call Helena for instructions.

OIL AND GAS FIELD PRODUCTION EQUIPMENT
DEPRECIATION SCHEDULE
(BEVS - SCREEN 7- Tables 3 through 6)

This schedule is to be used from January 1, 2008, through December 31, 2008 (reference ARM 42.21.138).

The following schedule will be used to arrive at market value when assessing oil and gas field production equipment.

<u>YEAR</u>	<u>TRENDED % GOOD</u>
2008	100%
2007	95%
2006	95%
2005	94%
2004	95%
2003	91%
2002	86%
2001	79%
2000	71%
1999	64%
1998	56%
1997	49%
1996	42%
1995	36%
1994	33%
1993	29%
AND OLDER	

<u>Property Type</u>	<u>Class Code</u>	<u>Property Class</u>	<u>Taxable Percentage</u>
Oil & Gas Field Equipment	6516	8	3%
Flow Lines	6838	8	3%